

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7264

BILL NUMBER: SB 400

NOTE PREPARED: Jan 17, 2004

BILL AMENDED:

SUBJECT: Excise and Conservation Officer Pensions.

FIRST AUTHOR: Sen. Meeks R

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: GENERAL
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill modifies the eligibility for and the calculation of retirement benefits under the Excise Police and Conservation Officers' Retirement Plan. It also requires the board of trustees of the Public Employees' Retirement Fund (PERF) Board to establish a deferred retirement option plan for plan participants.

Effective Date: July 1, 2004.

Explanation of State Expenditures: This bill would eliminate the "1% of average salary times years of service in excess of 25 years" factor from the benefit formula. By default, this would extend the 1-2/3% of average salary portion of the benefit formula to all service in excess of 10 years. The bill also requires determining the early retirement reduction factor from the earlier of age 60 or the date the member would qualify for Rule of 85 retirement.

The bill also provides that a Deferred Retirement Option Plan (DROP) shall be established before January 1, 2005. Since no details on the provisions of the DROP are provided, the fiscal impact for the DROP is indeterminable at this time.

The estimated fiscal impact of the proposal follows.

Increase in Actuarial Liability	\$4,800,000
Increase in Annual Funding	\$460,000
Increase in Annual Funding as % of Payroll	3.8%

The funds affected are the state Fish and Wildlife Fund for the Conservation Officers, and the ABC Fund for the Excise Officers.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Public Employees' Retirement Fund as administrators of the Conservation and Excise Officers Pension Plan; Department of Natural Resources; Alcohol and Tobacco Commission.

Local Agencies Affected:

Information Sources: Doug Todd of McCready & Keane, Inc., actuaries for PERF and the Conservation and Excise Officers' Plan, 317-576-1508.

Fiscal Analyst: James Sperlik, 317-232-9866.

DEFINITIONS:

Actuarial Liability: The excess of the present value of all benefits thereafter payable under the system over the present value of future normal costs.

Funding: a systematic program under which assets are set aside in amounts and at times approximately coincident with the accruing of benefit rights under a retirement system.